

Executive Corner



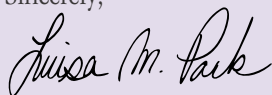
Fresh Start

As we ring in the new year, we have an opportunity to reflect on what has been accomplished over the past year and to look forward to what lies ahead in 2002.

We would like to say “thank you” to our clients and to all those we work with in the construction of school facilities. You have my commitment that we will continuously strive for effective cooperation and quality service in 2002.

In addition, I am very pleased to announce that Karen McGagin has been appointed as the Deputy Executive Officer of the Office of Public School Construction. Ms. McGagin brings over 11 years in state government experience to OPSC.

Sincerely,



Luisa M. Park
Executive Officer
Office of Public School Construction

Karen McGagin, New Deputy Executive Officer to OPSC

Luisa Park, OPSC Executive Officer, announced the appointment of Ms. Karen McGagin as Deputy Executive Officer of OPSC. Ms. McGagin had served since 1997 as Deputy Director, Interagency Support Division at the Department of General Services. She was responsible for the offices of State Publishing, Fleet Administration, the Office of Administrative Hearings, and the office of Public School Construction. In that role, she brought new perspectives to the division operations with a focus on customer service and performance measures. In addition, she represented the Director on the State Allocation Board, Board of Control and the Public Works Board.

From 1994 to 1997, Karen served as Chief Deputy Registrar of the Contractors State License Board in the Department of Consumer Affairs. Her accomplishments at the Contractors State



License Board included initiating an Earthquake Response Center to handle consumer complaints in rebuilding after the Northridge earthquake, overseeing a three-year increase in customer satisfaction at the Board, and reducing the backlog of consumer complaints against contractors.

Karen also served as liaison and principal contact for the Department of Consumer Affairs and the regulatory boards from 1991 to 1994.

Karen graduated from California State University, Sacramento with a BA in government. She and her husband, Bruce, have a son and two daughters.

New Financial Hardship Regulations are in Effect

The amendments to the Financial Hardship regulations, Section 1859.81, became effective December 21, 2001. A district may qualify as a financial hardship (FH) if it can demonstrate that it is unable to provide all or a portion of the district's matching funds required under the School Facility Program, and that it has made all “reasonable efforts” to raise local revenues for that purpose. A district may demonstrate that a “reasonable effort” has been made to pay its share of the project by levying the developer fee justified under law at the time of a FH request, and by meeting one of the following:

- ▶ The current outstanding bonded indebtedness of the district at the time of request for FH status is at least 60 percent of the district's total bonding capacity.

- ▶ The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for FH status.
- ▶ The applicant district is a County Superintendent of Schools.
- ▶ The district's total bonding capacity at the time of request for FH status is \$3 million or less.
- ▶ Other evidence of “reasonable effort” satisfactory to the Board (i.e., case-by-case).

Additionally, the FH amendments provide for interim housing allowances for the current unhoused pupils of a district, which may be excluded from “available” funds.

The complete regulation text can be found on the Office of Public School Construction Web site at: www.opsc.dgs.ca.gov. If you have any questions regarding qualification for financial hardship status, please contact Ms. Julie Ennis at 916.445.0019.

OPSC Reminders...

► State Allocation Board Meetings*

Wednesday, January 23, 2002
 Wednesday, February 27, 2002
 Wednesday, March 27, 2002
 Wednesday, April 24, 2002
 Wednesday, May 22, 2002
 Wednesday, June 26, 2002

► State Allocation Board Implementation Committee Meetings for 2002*

Friday, February 1, 2002 - Sacramento
 Friday, March 8, 2002 - Ontario
 Friday, April 5, 2002 - Sacramento
 Friday, May 10, 2002 - Sacramento
 Friday, June 7, 2002 - Ontario

► Joint Use Funding Cycle

July 1, 2001 – May 30, 2002: Period for Districts eligible to participate in the Lease-Purchase Program funding of Joint Use projects for gymnasiums, multipurpose rooms and libraries (SB 1795).

► SFP New Construction Application Timeline

Applications accepted by the OPSC on or prior to our next quarter date December 31, 2001 will be processed for consideration at the March 2002 SAB Meeting.

► Interest Earned Report (Form SAB 180)

Due quarterly (March 31, June 30, September 30, December 31) from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.

► Project Tracking Number

Project Tracking Number (PTN) required on specified forms effective October 1, 2001.

* Meeting dates subject to change. Check the OPSC Web site at <http://www.dgs.ca.gov/opsc> for latest dates and times.

New Construction Quarterly Funding

Quarter	Time Period	SAB Date	Number of Projects Funded	NC Funds Apportioned *
First	10/01/00-12/31/00	01/03/01	66	\$5,775,668
		01/24/01	34	\$117,951,633
Second	01/01/01-03/31/01	02/28/01	24	\$3,150,385
		03/28/01	52	\$107,971,435
Third	04/01/01-06/30/01	04/25/01	7	\$4,308,482
		05/23/01	57	\$12,033,072
		06/27/01	70	\$125,109,305
Fourth	07/01/01-09/30/01	07/25/01	0	\$0
		08/22/01	3	(\$970,700) †
		09/26/01	14	\$121,194,262
Fifth	10/01/01-12/31/01	10/24/01	0	\$0
		12/12/01	21	\$119,455,138

Total New Construction Category Funds Apportioned:

\$615,978,680

* This total represents the New Construction Category funds only, excluding excessive and hardship funds.

† This total represents rescinded projects returning to the New Construction category.

Deferred Maintenance Program Funding

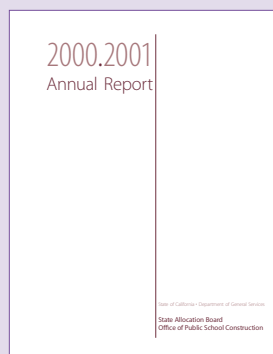
The State Allocation Board (SAB) approved funding for the Deferred Maintenance Program (DMP) on October 24, 2001. Specifically, the SAB approved the following:

- Requested the State Controller to transfer excess repayments to the DMP.
- Reserved \$19,603,688 and the unallocated carryover from last year of \$6,455,091 for Critical Hardship projects.
- Approved and apportioned the basic participation amounts and the critical hardship amounts totaling \$176,413,293. This amount consists of

\$172,512,447 for non-critical hardship districts and \$3,900,846 for critical hardship districts.

- Approved and apportioned the critical hardship amount of \$23,531,161 for Priority Two projects on the "unfunded list" through August 22, 2001.
- Approved an extension to November 30, 2001 for this year only, for county treasurers to certify that their school districts have deposited the required funds.

A list of Basic and Critical Hardship apportionments, as well as Critical Hardship "unfunded" approvals can be found on the Office of Public School Construction Web site at www.opsc.dgs.ca.gov. If you have any questions regarding the DMP, please contact Mr. Robert Young at 916.322.6211.



New program changes did not deter our success in reviewing and processing funding applications. These applications represent nearly \$2.7 billion in funding allocated by the SAB to school districts during this fiscal year. A complete application summary is contained in the 2000-2001 Annual Report.

2000-2001 Annual Report

The Office of Public School Construction's 2000-2001 Annual Report is available on our Web site at www.dgs.ca.gov/opsc under "Resource Information."

Substantial Progress

The SFP law requires that a district show that substantial progress has been made on a project within 18 months of the fund release. Under Regulation Section 1859.105(b) and (c), the current criteria for substantial progress for separate design and/or site projects presents significant issues for many financial hardship districts. The criteria does not consider circumstances that may prevent a district from complying with the 18 month timeline. The issues associated with the current criteria include:

- ▶ Architectural design issues that may preclude timely submission of plans to the Division of State Architect.
- ▶ Site issues such as toxics, CEQA concerns, unwilling sellers and/or condemnation issues that can lead to delays in completion of the building plans since they require for design integrations to existing site conditions.
- ▶ Unknown site toxic issues encountered after the receipt of site funds that deter progress from being made.

Failure to demonstrate substantial progress results in a reduction of the apportionment for the project and a return of all uncommitted funds to the State.

The proposed amendments, adopted by the State Allocation Board on December 12, 2001, provide flexibility to school districts with projects that have received separate design approvals and allow for additional means of meeting or demonstrating that the project is progressing satisfactorily. These amendments will be applied to those separate design and/or site projects previously approved and apportioned that are due to be rescinded after December 26, 2001.

It is anticipated that the regulatory amendments will be filed with the Office of Administrative Law in May 2002. The proposed regulation text can be found on the Office of Public School Construction Web site at www.opsc.dgs.ca.gov. If you have questions regarding substantial progress, please contact Mr. Tom Flaman at 916.322.0172.

Use of the Project Tracking Number Generator

In the September 2001 Advisory Action and in a letter dated September 19, 2001 to all District Superintendents, the Office of Public School Construction (OPSC) introduced the Project Tracking Number (PTN) Generator Web site. As you may recall, beginning October 1, 2001, all newly proposed school facility projects would be recorded in the Web site. This new system allows a district to identify each new project by a simple number equally recognized by the OPSC, the Division of the State Architect, and the California Department of Education. The PTN does not represent a project application number; instead, it provides the means for continuity of project data linked between the three offices. As projects progress, the PTN will provide the means for status updates quickly and conveniently for all interested parties.

The OPSC has sent a follow-up letter dated January 3, 2002 to all school districts and county superintendents of schools concerning the PTN Generator Web site. If you are authorized to file applications on behalf of a district, please contact your District Superintendent for a copy of the current letter that provides the password vital to assigning projects a PTN.

The PTN Generator Web site can be found at http://www.opsc.dgs.ca.gov/projnumgen/proj_track_home.asp.

48-Hour Notice... Reminder!

As you may recall, at the July 26, 2000 State Allocation Board meeting, the Board directed the Office of Public School Construction (OPSC) to verify that all work proposed in the plans be reviewed and, when appropriate, approved by the Division of State Architect (DSA). In order to accomplish this task, the OPSC compares the cost estimate of the work submitted to the DSA to the estimated funding requested on the Form SAB 50-04, *Application for Funding*. The applications are accepted for processing when at least 60 percent of the State and district grant total is designated for construction costs. If the cost estimate submitted to the DSA represents less than 60 percent of the State and district grant, the district will be alerted by a 48-hour notice. This notice will provide the district an opportunity to submit a revised cost estimate to the DSA

or reduce the number of pupil grants requested on the Form SAB 50-04. If a revised cost estimate is submitted to the DSA, the district must submit to the OPSC a receipt from the DSA demonstrating that it has accepted the revised cost estimate.

For complete application submittal requirements, please refer to the OPSC Web site at www.dgs.ca.gov/opsc. If you need additional information, please contact Gloria Martinez, Application Review Team Supervisor, at gloria.martinez@dgs.ca.gov or 916.445.0529.

Status of Funds

Per the October 24 and December 12, 2001 State Allocation Board Meetings

<i>Program</i>	<i>Funds Available as of 09/26/01</i>	<i>Fund Transfers</i>	<i>Apportionments and Adjustments</i>	<i>Balance Available as of 10/24/01</i>	<i>Apportionments and Adjustments</i>	<i>Balance Available as of 12/12/01</i>
Proposition 1A						
New Construction	812.9	0.0	0.0	812.9	(119.1)	693.8
Modernization	0.8	0.0	0.0	0.8	0.0	0.8
Hardship	0.0	0.0	0.0	0.0	0.2	0.2
Facility Hardship (Reserved)	40.1*	0.0	(3.9)	36.2	0.0	36.2
Subtotal	853.8	0.0	(3.9)	849.9	(118.9)	731.0
Prior Bond Funds						
Contingency Reserves	31.0	(0.6)	1.9	32.3	0.4	32.7
AB 191	3.2	0.0	0.0	3.2	0.0	3.2
Northridge Earthquake	0.0	0.6	(0.6)	0.0	0.0	0.0
Subtotal	34.2	0.0	1.3	35.5	0.4	35.9
Grand Total	888.0	0.0	(2.6)	885.4	(118.5)	766.9

*Includes a \$13.7 million transfer of funds from the State Relocatable Program.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at <http://www.dgs.ca.gov/opsc>. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.

Senate Bill 1795 Lease-Purchase Program Funding for Joint Use Projects

At the October 24, 2001 State Allocation Board (SAB) meeting, the Board adopted additional funding for certain previously approved and funded Joint Use projects (i.e., multipurpose, gymnasium, or library). These increases were necessary to provide eligible project costs which could not be verified before the applications were presented to the Board in July 2001. To prevent this from reoccurring, the time allowed to process future applications was amended at the July 2001 SAB to allow an additional 30 days, which make due to time constraints the new deadline date, May 30, 2002.

If you have any questions regarding SB 1795 Joint Use Projects, please contact Mr. Stevan Wood at 916.323.7109.

Additional Cost Grants for Facility Hardship Projects

Currently, existing Regulation Section 1859.82 provides that a replacement facility may receive grants based on a specified dollar amount per square foot or by a per pupil dollar amount, based on the circumstances of the project. This Section also provides that a district may receive additional grants for site development (Section 1859.76) and excessive cost grants (Section 1859.83). It does not, however, provide for the additional costs for students with exceptional needs, multilevel construction, or project assistance. The Board's December 12th approval will provide for these additional costs in the facility hardship replacement projects, when appropriate. On December 12, 2001, the State Allocation Board adopted the proposed regulatory amendments in order to enhance a school district's ability to maximize its funding opportunities when approved for a "health and safety" facility hardship replacement project.

Request for Project Rescission

Until now the Office of Public School Construction's (OPSC) has taken the position that a School Facility Program apportionment may not be rescinded prior to the 18-month "release of funds" timeline expiration. However, based on a recent legal opinion, if a district requests rescission of a project apportionment before the 18-months expires, the OPSC will honor the request and rescind the apportionment at that time. This approach allows the apportionment to be available to other projects for the next funding cycle. If the rescinded project was not a financial hardship and the district subsequently submits a financial hardship request for the same project or another project, the 50 percent district match originally certified as available on the rescinded project will be considered as an available district contribution on the new projects. If you have questions regarding project rescission requests, please contact your Project Manager.

State Relocatable Classroom Program Activity

The State Allocation Board approved the immediate purchase of 200 relocatable classrooms on August 22, 2001. These classrooms will be available and ready for delivery in Spring/Summer 2002. In addition, a \$9,450 allowance is available for reimbursement of eligible costs associated with the site preparation, electrical and fire alarm hook-ups, Division of State Architect plan check, and furniture. Interested districts should submit applications as soon as possible in order to receive the buildings in a timely manner.

If you have questions regarding relocatable classrooms, please contact Ms. Olivia Campos-Mulligan at 916.323.2282 or Ms. Kathleen Hartman at 916.323.7794.

Construction Cost Indices

Lease-Purchase Program Construction Cost Indices for:
October, November and December 2001

	Oct. 2001	Nov. 2001	Dec. 2001
Class "B" Buildings	1.42	1.42	1.43
Class "D" Buildings	1.42	1.42	1.43
Furniture and Equipment	1.39	1.39	1.39
Historical Savings Index	9.07	9.07	9.07

Class "B" Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class "D" Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Federal School Renovation Grant Program

The United States Department of Education has set aside approximately \$103 million for the renovation and repair of schools in California. These funds will be made available through the Federal Renovation Program administered by the SAB/OPSC. The regulations to implement this new program will be brought to the SAB at the January 23rd meeting. Upon approval, the OPSC will be conducting outreach presentations at various locations throughout the State. Please check the OPSC Web site for dates and locations.



Advisory Actions 2001

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